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5 April 1956

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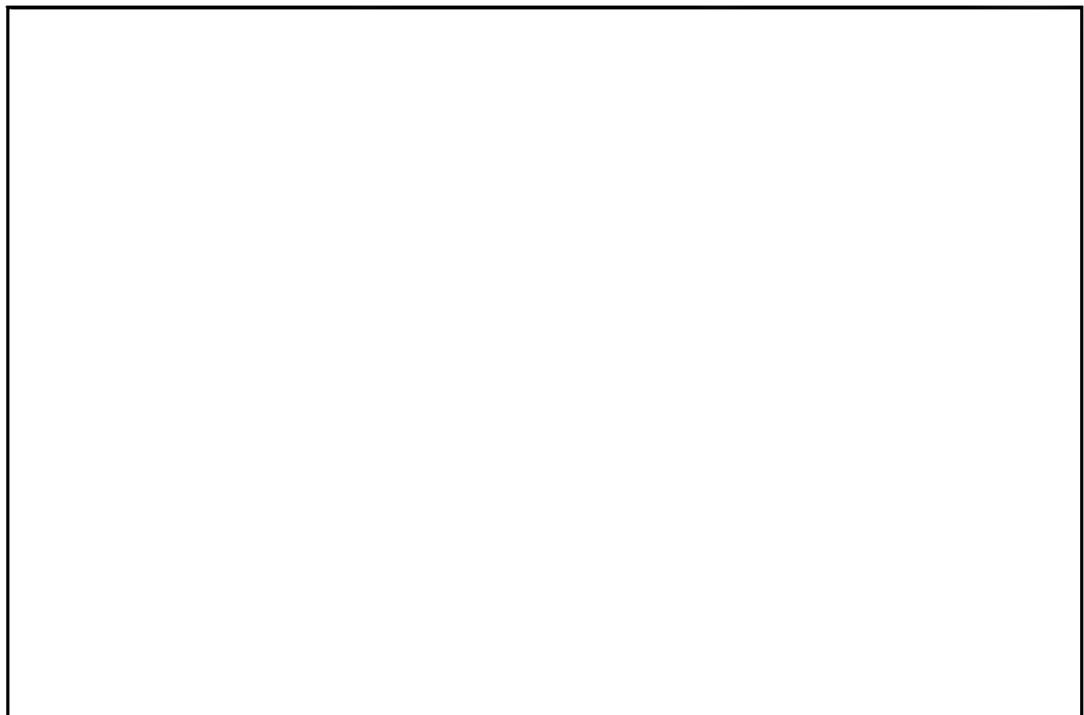
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OFFICE OF CURRENT INTELLIGENCE
CENTRAL INTELLIGENCE AGENCY

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2. BURMA NEGOTIATING WITH USSR FOR DEVELOPMENT LOAN

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[REDACTED] Kyaw Nyein, the influential Burmese minister of industries, informed the American ambassador in Rangoon on 31 March that Burma is negotiating with the USSR for a development loan to be repaid in commodities. Kyaw Nyein stated that he was opposed to such a loan, since it would give the USSR a predominant position in Burma's development program. He also fears Moscow may insist on repayment in commodities which might disqualify Burma, because of the Battle Act, from receiving American aid.

Meanwhile, another Burmese official has stated that Burma plans to take mainly capital goods in return for rice shipped to the USSR. He indicated that Soviet consumer goods wanted by Burma are scarce and that the government is anxious to keep the number of Soviet technicians working in Burma to a minimum because they must be accompanied by interpreters.

In discussing the nature of US aid preferred, U Raschid, the minister of trade development, said he wants Americans in the fields in which they are supreme--the construction and operation of factories and mines.

Comment

The negotiations for a long-term development loan are in addition to other negotiations which have produced an agreement to increase annual Soviet rice purchases from Burma to 400,000 tons. The size of the loan offer was not revealed, but in past approaches for an American loan, Kyaw Nyein has indicated a desire for between \$150,000,000 and \$200,000,000. Despite the opposition of Kyaw Nyein and other officials, the Burmese government would probably accept a loan from the USSR if the conditions were sufficiently attractive.

Burma will experience difficulty in limiting the number of Communist technicians in view of the large quantity of capital goods it is planning to import from the bloc. (Concurred in by ORR)

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4. PEIPING OFFERS CAMBODIA FUNDS FOR UNIVERSITY

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[REDACTED] Communist China has offered Cambodia \$5,000,000 to be used for building a university in Phnom Penh, [REDACTED]
[REDACTED] The offer, [REDACTED]
[REDACTED] was said to have no strings attached. [REDACTED]

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Comment

Chou En-lai repeatedly assured Prince Sihanouk during his visit to Peiping in February that Communist China was willing to give economic assistance to Cambodia with no strings attached. This is the first report of a specific Chinese offer. Such an offer would be well timed in view of Prince Sihanouk's pique over alleged Western interference in Cambodian affairs.

[REDACTED]

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 4 April)

Incidents continue on Israel's frontier with Egypt and Jordan. Meanwhile General Shuqayr, Syrian army chief of staff, has reported that the Israeli-Syrian frontier was very quiet, that some of the Israeli forces opposing him had been withdrawn, and that he did not anticipate trouble in the immediate future. He told the American army attaché in Damascus that most of the Syrian army remains concentrated between the Israeli border and Damascus. Shuqayr also said the strength of the Syrian army had been increased to about 60,000, which he considered a satisfactory level. Recent talks with Jordan's military leaders had resulted in agreement to permit use of Syrian forces in Jordan and Jordanians in Syria, as required. Some Syrian reserves would soon receive training in Jordan from the Arab Legion. [REDACTED]

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Syria will receive, according to Shuqayr, 66 T-34 tanks from Czechoslovakia through Egypt. Although deliveries have not been completed, one regiment of T-34's is reliably reported in the armored brigade on the Israeli frontier. The Czechs have agreed to furnish in the near future 32 85-mm antiaircraft guns to equip two battalions for the defense of Damascus. An unspecified number of Hispano-Suiza 30-mm antiaircraft guns to equip two additional battalions have also arrived recently. The new equipment will permit release of all 20-mm antiaircraft guns to front-line units.

25X1A [REDACTED]

All but eight of 100 recently requisitioned Israeli civilian cargo and dump trucks departed the central motor park near Tel Aviv for an unknown destination on the night of 2-3 April, according to the American army attaché in Tel Aviv. The call-up of vehicles complements the recent mobilization of personnel which has brought Israeli forces to an advanced state of readiness on all fronts. The above vehicles might also be intended for use in the recently instituted program of fortifying the border settlements. [REDACTED]

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BIWEEKLY SUMMARY
22 March-4 April 1956

THE TAIWAN STRAIT

**Report of the IAC Current Intelligence Group
for the Taiwan Strait Problem**

1. There were no significant combat operations in the area during the period. Peiping's propaganda attention to the subject of Taiwan remained at a low level. [REDACTED]

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